

## **1.1 Leadership**

The senior executive leadership of DSCP consists of the Commander, Deputy Commander, Chief of Staff, Executive Officer, Directors, Deputy Directors, and Office Chiefs of the twelve directorates and offices. These leaders have the primary responsibility of providing our work force with motivation, a sense of mission, and pathways leading to performance excellence. Defense Supply Center Philadelphia is a recognized leader in innovation, performance and customer satisfaction. Our focus on partnering with our customer, suppliers and efforts in workforce development shows a direct correlation to the success we have been enjoying in our business results. Our success is a reflection of our focus on our customers, work-force development and the unique partnerships we have developed with our suppliers.

### **1.1.a.(1) Senior Leadership Direction**

DSCP's senior leaders set, communicate and deploy organizational values, performance expectations and a focus on creating and balancing value for our customers and stake holders by first determining what is important to our customers and stakeholders. Our customers want their products to be the highest quality, competitively priced and delivered to them at the appropriate times. Quality, cost and response times are the drivers that dictate the leadership agenda. Our stakeholders want to be continuously informed that we are operating efficiently and have the war-fighters and taxpayers best interest at heart. This is all encompassing of our mission. Through the use of off-site conferences our senior leaders are able to validate and calibrate our mission, vision and strategies for satisfying our customers and obtaining new business opportunities. We use the intranet to keep our employees informed on the current business initiatives underway. We have a site on the intranet page called the Executive Information System, which provides information on customer satisfaction, financial measures, balanced scorecard metrics, workforce development initiatives and many more topics relevant to our business. Our leaders also keep our employees informed through the use of townhall meetings. At these forums during the last two years the agenda focused on how we would transition

DSCP/DISC into one agency. The mission involved disestablishing and downsizing DISC so that DISC could merge its function with DSCP, which also downsized. Our Commander is a role model for leadership throughout the organization. By staying personally involved with customers, employees and suppliers, hosting customer conferences, supplier conferences and spending time with employees he is able to inculcate into these entities, our mission, vision, values, expectations and goals.

Our senior leaders are personally involved in creating, sustaining and deploying DSCP's values and expectations through various mediums. Senior leaders at DSCP meet regularly at command staff meetings to discuss results of performance expectations with our Commander and Deputy Commander. At the command staff meetings, the directors of our four commodities are represented. The discussions at the command meetings are focused on what we are doing right for our customers and what needs to be done to get better performance out of our processes. Our corporate action team tracks the actions that are generated from these meetings. This team tracks the actions to ensure that the actions get done within the given time frames and ensures that the right people are working the assigned actions .

**1.1.a.(2)** Our senior leaders have established and reinforced an environment for empowerment, innovation and encouragement for employee and organizational learning. In the past our leaders used a self-assessment software tool that aided them in improving their effectiveness and helped them develop a personalized development plan to enhance desirable traits and work toward improving their style of leadership. Currently in our Management Through Leadership (MANTLE) program, our employees have an opportunity to give their manager feedback regarding their effectiveness in critical areas. This process keeps the individual employee feedback anonymous to the manager being rated, and keeps the manager's cumulative score anonymous to the employees generating feedback. Employees are empowered and are encouraged in several ways. DSCP leaders have instituted peer to peer reward and recognition systems that allow

employees to recognize anyone in the organization. Our Reward and Recognition criteria was written with the intent of giving employees a template which would guide them on nominating their coworkers who have exhibited the kind of behavior that enables the organization to achieve its strategic goals.

**1.1.a.(3)** Our senior leaders set directions and seek future opportunities for the organization, by doing market research and choosing the right strategies to leverage the market place. Our senior leaders are continuously seeking new business opportunities by building partnerships that result in winning scenarios for all parties. We are currently building partnerships with our competitors where we will feature each other's products in our web site catalogs in order to expand each partners customer base. Benchmarking best practices, hosting visits with customers and visiting with customers and suppliers is a part of our plan. We visit customers and ask customers to visit with us to brief them on where we are regarding their interests and to show them our capabilities for satisfying their requirements. At these meetings our customers give us feedback on what they think of our capabilities. They may ask if we can tailor a process to deliver products in specific regions of the world or if we can provide them with a kit that contains several of our products in one package. This is called tailored logistics. We also look at other suppliers of logistic solutions who may have a state of the art process underway. We gather information on the process and adapt the information to our specific requirements. We benchmark companies who have processes that will guarantee a better delivery, better price and a better quality product for our customers. Our leaders also attend supplier and customer conferences to discover new opportunities for the organization. By developing sophisticated partnerships with our customers and suppliers we are able to leverage our position for new opportunities in the global markets of our commodities.

**1.1.b.(1) Organizational Performance Review**

Our Commander meets with all senior leaders to review organizational performance and capabilities to assess organizational health, competitive performance, and progress relative to performance goals and changing

organizational needs at various times. In this process senior leaders conduct in process reviews of major initiatives. One such forum is called the "See Me" meeting where our Commander or Deputy Commander will review where our managers are with respect to a business initiative (i.e., a new Prime vendor contract). At this meeting, the Commander makes sure that the manager and his or her team are following the original plan of action for this initiative. These meetings are scheduled based on meeting milestones that have been chosen by the manager and agreed upon by the Commander and Deputy Commander. At these in process review forums the Commander is continuously communicating his philosophy with regard to the initiative making sure that the warfighter is receiving the most for his/her dollar and DSCP is leveraging itself to the fullest extent.

The DSCP Leadership team reviews performance measures that align with the overall objectives and retain the essence of the "big picture" that is, reduce logistics costs and improve customer satisfaction, when pursuing initiatives, plans, and objectives. To accomplish these objectives, DSCP is transitioning from traditional methods of supporting our military customers to industry-proven best practices (supply chain management via integrated suppliers.) This transition creates a need to continuously monitor overall performance to ensure that policy and process changes are achieving the desired goal.

Continuous improvement is part of everyone's goal. Metrics data and feedback from various sources is used to make course adjustments and fine-tune our process performance. As a result of previous organizational assessments, the area of communications needed improvement and was addressed by the implementation of an organization communication plan. Also, Multi-Source Feedback (MSF), for all non-supervisory personnel, and the Leadership Effectiveness Inventory (LEI) for managers are feedback tools for self-improvement that have been implemented. Customer Surveys are conducted semi-annually both internally and by DLA. As a result of the customer surveys, we found that customer requirements are generally focused on timeliness, cost, quality and ease of doing business.

These four attributes are now built into our customer service index as well as internal performance metrics.

Directorates have established their unique goals and objectives and performance measures, for example:

DSCP-I uses a set of “balanced” metrics made up of financial and non-financial measures to provide a comprehensive view of process toward our objectives. They have been developed to support the Business Plan Framework. Measures that are reviewed by the Directorate Head and the Commodity Business Chiefs are:

- Logistics Response Time
- Customer Satisfaction Index/ Customer Retention Rate
- % Catalogs on Internet/ Internet Page Hits
- # Top Ten Customer Visits
- Quality of DSCP-I Services
- % Top Customers with Tailored Logistics Support Packages and Rollout Milestones
- % Items Reviewed for Surge/Sustainment Requirements/% meeting Requirements
- % Electronic Commerce/% Items reviewed for Conversion to Electronic Commerce
- \$ Inventory/% Stock Sales/Inventory Turn Ratio
- Sales by Customer Segment/% Change in Sales of Top Ten Customers
- % Market Share
- \$ Value Customer Infrastructure Reduction
- Vendor Performance
- Internal Performance Metrics (Cascading)
- Traditional Metrics, Backorders, Purchase Requests, Supply Material Availability, etc.
- New Service Cycle Time
- Sales by Technique, Traditional, Integrated Supplier, Direct Vendor Delivery
- Labor Overhead Reduction
- % Employees w/ Individual Development Plans

Each measure is required to have a numeric or timeline goal and the results provide us with baseline performance indicators which are analyzed on a regular basis and used as a tool to set priorities for improvements.

Performance measures give us a picture of how we are satisfying our customers, how we look compared with competitors and if we are successful in transitioning to new business practices. For example, Logistics Response Time (LRT). This measure begins and ends with the customer and reflects the degree of success in filling customer’s orders from the time of submitting a requisition to receipt of material. As an example, a third party study evaluated the use of the Maintenance and Repair Operations (MRO) at three test sites– the Marine Corps Recruit Depot, Parris Island, the Marine Corps Air Station and the Naval Hospital in Beaufort, SC. The report found each site reduced inventory by more than 50 percent, while lowering supply procedure costs. In fact, costs at Parris Island and the Air Station were about 50 percent less with MRO. On-time delivery rates also increased across the board since the program’s inception, improving 43 percent from January 1998 to March 1998. Results of this measure impact on strategic planning, goal setting and process improvement. New business practices are designed with reduction of LRT as a primary indicator of success and the projection is part of the Market Segment Business Case. All pertinent data is broken out by market segment and addresses customer’s unique situations. This performance data is shared at various forums attended by the corporate leaders and/or the workforce. The forums function as opportunities for improvement and address our key business indicators.

Who	How	Why	Frequency
Employees	Organizational climate survey	To determine employee perceptions	Tri-annually
All supervisors and managers	Interactive offsites	To determine which initiatives are successfully impacting operations and which need modification	Annually
Customers	Visits	To determine specific needs we can meet and future expectations	Monthly
Suppliers	Feedback	To assess their capabilities in meeting our customer	Daily

		expectations	
Outside evaluators	Organizational Assessment	To determine what operational systems need adjustment to be consistent with world class operations	Annually

Figure 1.1-1 Feedback Systems

In 1995 the Base Closure and Realignment Committee (BRAC) made a decision to disestablish the Defense Industrial Supply Center and merge the Center's workforce and its commodity with of DSCP, under the DSCP flag. The leadership core of both agencies have been challenged with bringing this merger into fruition with a single corporate focus giving way to a combined corporate culture. This decision was a major catalyst for DSCP to reengineer its traditional business processes in order to function more like its commercial competitors and provide optimum satisfaction to its customers. One of the new processes is Prime Vendor, which DSCP was able to gain lessons learned through DSCP who at the time was already experienced at using Prime Vendor. Through the new reengineered processes DISC was able to develop new business opportunities and expand its customer base. The two agency leaders worked closely together on plans that made the transition as seamless to the customer as possible.

## 1.2 Public Responsibility and Citizenship

**1.2.a.** In keeping with the BRAC mandated operational relocation of DSCP, we developed an environmental clean-up plan to facilitate the disposal and reuse of property at the installation. The plan is updated annually and has clean-up requirements scheduled throughout 1999. Clean-up accomplishments to date have already permitted the leasing of our former clothing factory to private industry. All work associated with the initial phases of our Environment Site Investigation are complete. DSCP has left the facility in south Philadelphia except for the caretaker force.

DSCP's Restoration Advisory Board (RAB), established by the Center in 1996, has provided an interactive forum for discussion and information exchange between representatives from the local community, government,

environmental regulators, and installation personnel. Since its inception, regularly held RAB meetings have helped to establish higher levels of understanding and trust between these parties via communication strategies that include the following ongoing processes:

The step-by-step clean-up and approval process of each of the installation's areas and buildings of concern are videotaped and narrated for viewing during the RAB meetings. This effective communication tool has provided community members and regulatory officials with a visual, clear-cut, and concise message that DSCP has made proper and swift redemption a priority.

In addition, not only does DSCP actively seek the input of community RAB members on environmental issues, but also Command welcomes all RAB members during both social and official functions held at the installation. Including RAB members in events like official retirements and changes of command has served to foster a sense of mutual sense of openness between the community and DSCP. DSCP's RAB has enhanced the local community's understanding and support of the installation's clean-up program. Providing a forum for all participants to voice their concerns and opinions enables each group to feel as though they are being 'heard' - that they are an integral part of an ongoing process, rather than recipients of a final decision.

	Key Practices	Measures	Targets
<b>Regulatory</b>	Federal Acquisition Regulation	Compliance	100%
<b>Legal</b>	Review of Procurement Actions	Protests denied	100%
<b>Ethical</b>	Training	Attendance	100%
<b>Risks</b>	Mission accomplishment	Troop support	100%

DSCP leadership is aware of the public responsibility associated with procurement. The organization is entrusted with assuring that the expenditure of public funds is done in compliance with contract intent and in the most economical and productive manner. All

employees are kept aware of this responsibility through an annual briefing on fraud, waste and abuse. Information bulletins are distributed to keep employees informed of changes or developing ethical problems throughout the year. Employees are also encouraged to call or visit the ethics counselor at any time for assistance. Additionally, financial disclosure statements are signed annually by those personnel in high visibility or vulnerable positions.

**1.2.b.** DSCP has deep roots in the local community, as many of our employees were born and raised in Philadelphia and the surrounding communities. Others For over 20 years, DSCP employees have volunteered their free time and participated in Project GIVE (Government and Industry Volunteers for Education). Project GIVE is an after school program which pairs 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> grade students from the James Alcorn Academic Plus Elementary School in Philadelphia, with DSCP employees. This non-profit program is staffed and maintained by employees on a voluntary basis, and receives its general guidance and funding under the auspices of the SCP Community Service Council. Volunteers spend 1½ hours a week after work mentoring students and providing them with a positive role model. Volunteers also provide assistance with math, reading and geography homework. The most recent contribution to Project GIVE is the "Computer Learning Center". The Center is a unique, volunteer initiative that fosters computer literacy among children, making information technology available to children who would not otherwise have the opportunity to experience first hand computer usage. During the summer of 1997, DSCP employees conducted a "Computer Literacy" program.

DSCP's work-study program, in its eighth year, affords twelfth grade students from South Philadelphia High School the opportunity to gain hands-on experience in a professional work environment. Approximately 11 students work 2½ days a week at DSCP and receive a grade for their performance.

DSCP continues to support the local community, the nation and the world with its generous contributions through the Combined Federal Campaign. In 1997,

feel a certain kinship having worked in the area for many years and have been "adopted" by the local citizens and businesses. We appreciate this and, in return, our concern for the local community has been a long-standing tradition for over 30 years. Generous contributions through DSCP's Community Service Council have allowed DSCP to sponsor programs to enhance the quality of life for disadvantaged children, senior citizens, hospitalized veterans and the homeless in the Philadelphia area.

pledges amounted to \$138,000 while in 1998, pledges exceeded \$215,000.

DSCP is among the leading blood donations within the Defense Logistics Agency and one of the largest donation sites in the Philadelphia area with employees donating 879 pints of blood in 1998. DSCP won the Dr. Charles Drew Service Award for blood donations. These donations assisted 4,072 area recipients, according to the American Red Cross.

As a multi-billion dollar organization, DSCP recognizes the significant financial impact it has on contractors and society, especially when supporting small businesses. Almost half of our annual purchases are bought from this special business community. This philosophy is not only socially responsible, it's good business. It encourages healthy competition, which helps keep costs down and quality high, and allows small businesses to contribute to a healthy national economy by employing thousands of workers throughout the country. In FY98, DSCP placed a total of over \$10 million in service, construction and supply contracts with contractors and vendors in the Philadelphia area.

## 2.. Strategic Planning

### 2.1.a.(1) Strategy Development Process

DSCP's strategic planning process has always contributed to the remarkable success achieved by the Center in the past. But at no time has planning become more critical than during the period since BRAC 95. Our goal during the BRAC transition period has been to provide seamless support to our customers while accomplishing expansion of the mission and physical movement of the facility. Strategic planning has helped accomplish that goal. The process has been two-pronged: 1) to plan and execute the transition and 2) to use the opportunities offered by the transition to make strategic improvements to our customer support.

Planning for the two-pronged process has been directed by the Board of Directors, composed of key managers from both DSCP and DISC. Under the umbrella of the Board of Directors, the Transition Planning Group (TPG) has had primary responsibility for executing the transition.

To craft its vision of the future organization, the Board of Directors has utilized a combination of internal expertise supplemented by outside facilitators. Our process flows out of the strategic plans of our higher headquarters to ensure alignment with upper echelon initiatives.

DSCP's 8-step strategic planning process, which was used at an off-site planning session in October 1998, and also included both DSCP and DISC, includes the following key steps:

1. Identifying key customers and customer concerns.
2. Identifying shareholders.
3. Identifying core competencies.
4. SWOT analysis, including factors for success, internal weaknesses and external factors impacting the two organizations.
5. Identifying opportunities for the new organization (Goals).
6. Identifying and discussing strategic issues facing the combined organization. These included human resource issues, cultural considerations and the physical move itself.

7. Develop Action Plans and supporting Objectives (Commodity Business Plans).

8. Develop Measurement Plan.

**2.1.a.(2)** At DSCP each Commodity Directorate constructs a Business Plan which incorporates their unique customer requirements and opportunities. These business plans are in direct alignment with our DLA headquarters Strategic Plan (See Table 2.2-1). To gather this information, Customer Liaison Specialists that specialize in a specific market segment visit customers and potential suppliers on a daily basis, spending up to four to twelve weeks at a time on the road. The market and industry research they develop is synthesized into a business case for a market segment logistics solution. The Business Case lays out a plan that contains competitive environment, milestones, technology, socio-economic considerations and more to meet the requirements of the customer. The internal operations required to implement the business case are discussed in the Directorate's business plan.

**2.1.b Strategic Objectives.** Discussions at the 1998 offsite laid the essential groundwork for developing the strategic goals for the new combined organization. Work will continue at another offsite planned for shortly after assumption of the new mission in July 1999.

Preliminary work has, however, already been initiated on a corporate wide strategic marketing effort for the combined organization. This strategic marketing plan is known as "The Philadelphia Solution" and outlines as its key elements: Tailored logistics solutions, integration of the supply chain, and establishment of strategic partnerships to provide four commodities support to the warfighter.

DSCP's strategic objectives now includes the deployment of Prime Vendor as our mode of operation. Through the use of Prime Vendors (single commercial distributors who support a group of customers in a geographic area), our customers enjoy the same inventory management techniques found in hometown grocery stores, home improvement centers, warehouse shopping centers, etc.... Each of our CBUs in turn have developed strategic goals and objectives in support of

the Prime Vendor initiative (See Table 2.2-1). The performance of each of these goals will be evaluated against the supported DLA goal.

## 2.2 Strategy Deployment

**2.2.a.** Strategic goals and objectives are deployed through the respective commodity business plans and goals as published in DSCP's annual report.

### 2.2.a.(1) Action Plan Development

Business plans are created through program and financial projections and inventory forecasts. Marketing plans include current market analysis; new market potential; internal strengths, weaknesses, opportunities and threats (SWOT) analysis; marketing goals, objectives, strategies; and action plans.

These plans include: action plans for strategic issues, individual strategic plans for each of our commodities, (short-to-mid range business and marketing plans for each commodity), the BRAC Implementation Plan (for DSCP), the Information Technology Strategic Plan (to maximize enabling technologies), the Leadership Development Plan (identifies developmental needs for the workforce) and other functionally specific plans. All plans operate within the framework of the HQ DLA strategic plan and outline specific actions to implement key and supporting processes. Tactical plans convert the vision to specific concrete actions. Metrics are an integral aspect of the plans. Although not all of our present goals contain the desired level of performance, our next strategic planning session will include training on the development of the required levels.

**2.2.a (2)(3)(4)(5)** The DLA and our DSCP strategic plan is implemented through these supporting plans, which convert DSCP's strategic vision to specific concrete actions and measures progress in accomplishing them. (See Table 2.2-1). Samples follow:

#### Clothing and Textiles Commodity Business Plan

- Expand Commercialization of Bag Items
- Expand range of items stocked in Europe

#### Subsistence Commodity Business Plan

- Achieve Item Fill Rate of 95%
- Achieve Prime Vendor Produce Fill Rate of 98%;

#### Medical Commodity Business Plan

- Expand our Maintenance Service Contract and Medical Equipment
- Expand Joint Procurement with Veterans Administration for Pharmaceutical items

#### General Commodity Business Plan

- Increase Commerce Item Availability
- Award Maintenance Repair Opns Prime Vendor for the Pacific and European Regions;

#### Industrial Commodity Business Plan

- Increase Value-added Services
- Extend Bulk Metals Prime Vendor to CONUS while reducing Depot Inventories

**DSCP Transition Implementation Plan** - Provides detailed action plans on aspects of the transition to Defense Supply Center Philadelphia. Milestones cover: Organization Management, Personnel Management, Logistics, Information Technology, Workload Planning, Facilities and Support, Budget/Financial Planning, Federal Supply Class Workload, Incorporation, Base Closure, Culture and Quality of Life. DSCP is utilizing the challenges posed by BRAC implementation as a vehicle for fostering improvement and innovation in all areas.

**Leadership Development Plan** - Provides detailed plans for development of multifunctional leaders.

**Information Technology (IT) Strategic Plan** - Provides detailed plans for utilizing enabling technologies to implement DSCP's vision for the future. IT goals, objectives, and strategies are outlined, along with specific actions and milestones.

### 2.2.a (2) Human Resource Plans

Human Resource planning is accomplished through the framework of the strategic plan. We are committed to maximizing the potential of our workforce by providing effective leadership, an optimal organizational environment, insightful workforce analyses, maximum developmental opportunities and innovative employee recognition programs. Human resource planning initiatives are covered in more detail in Category 5 and include:

1) Reorganizing DSCP into a more efficient, effective and flexible organization to foster increased responsiveness to customer needs, and increased



satisfaction and empowerment for our employees. Our core business operations have been reorganized into Commodity Business Units (CBUs) and Integrated Process Units (IPUs). The CBUs integrate the traditional core functions of supply management, contracting, technical support, quality assurance and cataloging for a specific commodity business area.

2) Developing the workforce to maximize the potential of our employees. The Multi-Functional Workforce Development Plan outlines required actions to transition our employees to the multi-functional work environment. Employees are cross-trained to expand their knowledge to more than one subject matter field. This ensures optimum responsiveness and flexibility in meeting constantly changing needs while simultaneously making the employees more diverse and competitive.

3) Utilizing a variety of formal and informal means to recognize and reward employees for individual and team contributions. The number of Incentive Awards has steadily increased along with a steady increase in dollar investment for group and team recognition. DSCP achievements include: Eight DoD Hammer Awards (sponsored by Vice President Gore), DoD Commander-in-Chief's Award for Installation Excellence, Federal Public Service Excellence Awards, FEB Excellence in Government Award, Value Engineering Award, DoD Standardization Program Award for Excellence, DLA Scissors Awards, DLA Team Award – DSCP Europe, DLA Auditor of the Year Award and Innovations in Government Award (sponsored by the Ford Foundation/Harvard University JFK School of Government). Employees are also recognized for individual and team contributions at the annual DSCP Achievers' Award Ceremony.

4) Analyzing and projecting workforce requirements. Due to BRAC, we are currently in a downsizing mode and are not actively recruiting. However, detailed workforce analyses have identified both surpluses and shortfalls by position. One concern is the loss of skills, due to potential retirements and separations. We forecast trends and have planned a compensatory strategy for eventual recruitment. The ratio of college educated employees to those with a high school

education will be marginally higher as the younger, non-clerical, part of the workforce has more college education than those eligible to retire.

5) Regularly monitoring progress on human resource initiatives. Human resource initiatives are routinely briefed at TPG meetings, Board of Directors meetings and Business Council sessions. Management revises or adapts plans as needed to synchronize efforts in the human resource area with strategic initiatives. Great effort is given to keeping the workforce fully informed through Commander's Town Hall meetings, DSCP Intranet and supervisory channels.

**2.2.a.(3)** The strategic commodity business plan also guides resourcing decisions. Priority areas agreed to during the strategic planning process are reflected in development of the five year financial projections document, the Program Objective Memorandum (POM). Short-to-mid range budgets are developed in accordance with DSCP's Activity Performance Plan. The strategic plan and supporting tactical plans serve as a basis for decision-making by the Board of Directors, the DSCP Transition Planning Group and the Business Council.

### **2.2.b Performance Projections**

Senior leadership employs a variety of key performance measures and critical Business Process Improvement (BPI) initiatives to enhance operational performance. Key measures are continually compared to other ICPs and we benchmark against other top performing similar providers. Selected performance projections are provided below:

1. Subsistence -The DSCP critical BPI initiatives are characterized by a marked shift to commercial practices including:

Prime Vendor: Prime Vendor sales will increase from approximately \$392 million in FY98 to over \$450 million by the end of FY99.

Produce: Several business process improvements are currently being implemented by our Produce Commodity Business Unit. These include the

spread of cross-docking techniques and direct vendor deliveries, which will result in lower warehouse costs and fresher product. In addition, the USDA School Lunch Program will grow from \$22 million at the end of FY 97 to an estimated \$30 million at the end of FY 98, with a long term potential of at least \$50 million.

Long Term Contracting: Due to our improved business practices, such as prime vendor and STORES, our long term contracting will increase from an estimated 83% of our contracts at the end of FY 98 to 98% at the end of our current Program Objective Memorandum (POM) of FY99 to 2005.

2. Clothing and Textiles - DSCP plans to continue the effort to shift to commercial practices. In addition, we use key performance measures for short and long term goals:

Supply Availability: Clothing & Textiles expects to consistently supply our customers above the 85% goal. A percentage of 91.6% was achieved in FY97. A FY98 goal of 90% has been set and continued sustainment above 90% through 2001 is anticipated. We continue to strive to enhance readiness for our customers despite reduced resources.

Long Term Contracting: Clothing & Textiles' rate for FY97 was 95.4%. Through use and expansion of our business initiatives, we expect to continue to exceed the 95% goal for FY98 and extend past 95% by 2001.

Inventory Reduction: Reduction in this measure will be the direct result of the aggressive move into commercial practices. We reduced our FY96 level of \$1.536 billion to \$1.293 in FY97 and to \$863 million by 2001.

3. Medical Materiel – DSCP has begun to internally develop and review metrics which better approximate the service oriented nature of commercial business concerns:

Electronic Commerce: The use of electronic commerce will continue to increase from our 84.7% reported at the end of FY97 through the end of our current POM. Our FY97 DVD sales were 86.8% of our total and we expect DVD to increase to 93.5% by FY2002. This increase will be accomplished by increasing customer reliance on an expanded Prime Vendor program.

DLA Goals	Selected Commodity Goals			
	Clothing and Textiles	Subsistence	Medical	General/Industrial
1. Provide Best Value to suppliers and customers	<ul style="list-style-type: none"> <li>Expand Commercialization of Bag Items.</li> <li>Expand range of items stocked in Europe.</li> </ul>	<ul style="list-style-type: none"> <li>Achieve Item Fill Rate of 95%.</li> <li>Achieve Prime Vendor Produce Fill Rate of 98%</li> </ul>	Expand our Maintenance Service Contract or Medical Equipment.	Increase Commerce Item Availability.
2. Serve as catalyst for Acquisition Reform	Implement virtual Prime Vendor South East Program.	Achieve a Prime Vendor national allowance pricing agreement, savings at least 5%.	Award second generation Pharmaceutical Prime Vendor Contracts.	Award Maintenance Repair Opns Prime Vendor for the Pacific and European Regions.
3. Exploit technology	Implement virtual Prime Vendor for National Guard.	Manage virtual wartime visibility information to reduce dependency of stock piling.	Implement Web-based electronic catalog for dental and optical consumable items.	Increase Value-added customer services such as EMALL.

4. Pursue partnerships with industry and our suppliers	Expand Prime Vendor contractors	Expand produce network globally.	Expand Joint Procurement with Vet Affairs for Pharmaceutical items.	Solidify liaison relationships with contractors.
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**Table 2.2-1**